

CIA OCI CIB 0284/71 CENTRAL INTELLIGENCE BULLETIN
SEC., NFD 27 NOV. 71 01 of 01

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Central Intelligence Bulletin

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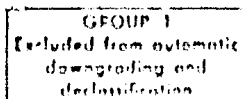
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27 November 1971

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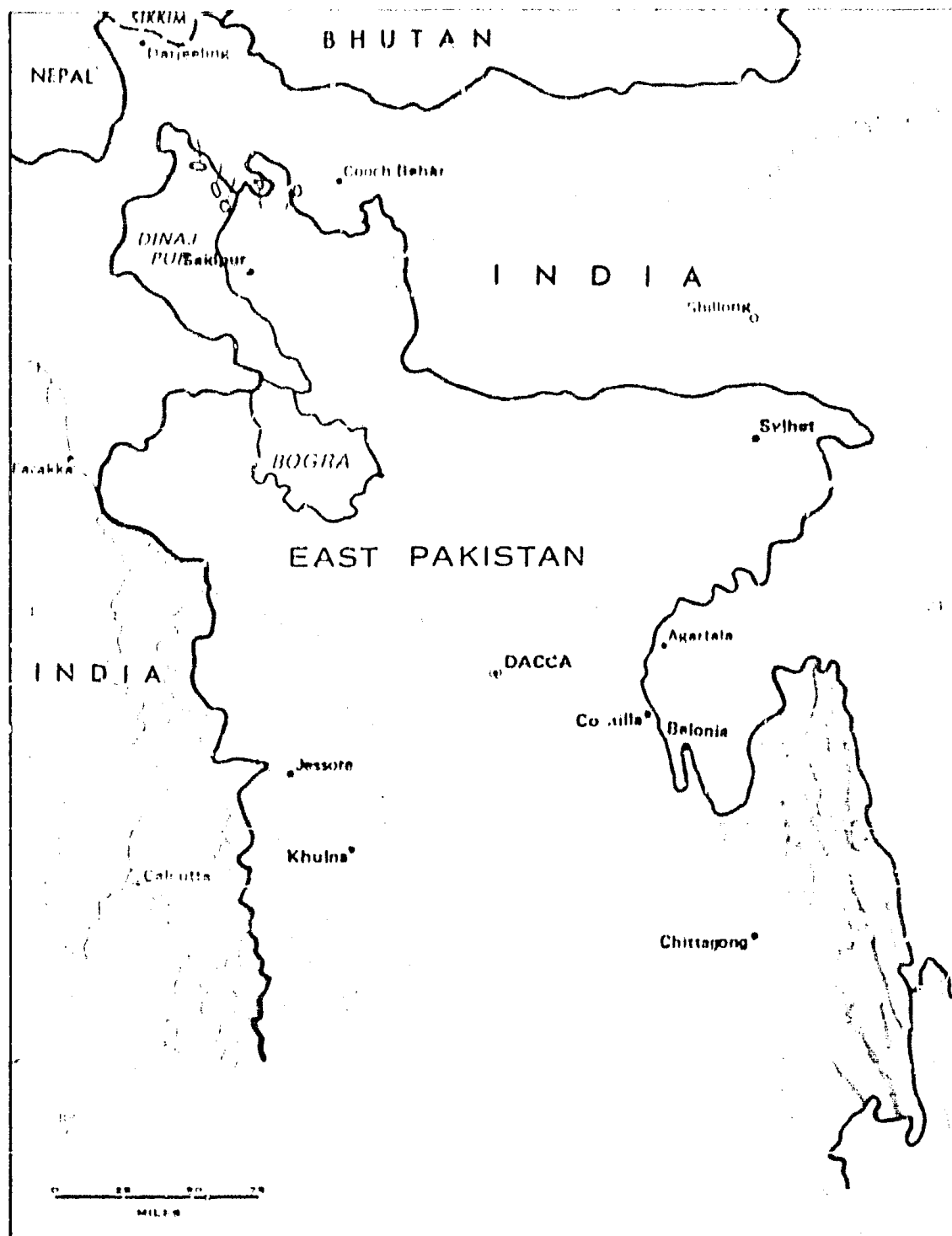
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【 INDIA-PAKISTAN: Fighting appears to be continuing at a somewhat slower pace along the border between India and East Pakistan.

Clashes continue near Jessore, where Indian-supported Mukti Bahini guerrillas launched a major attack earlier in the week, and in the Belonia salient on the eastern border of East Pakistan. Indian troops apparently made a new strike into northwestern East Pakistan just above the Bogra District line in Dinajpur District on Thursday. Indian spokesmen describe this as another "defensive action" taken in response to cross-border shelling by Pakistani artillery. The Pakistanis claim they drove the invaders back across the border with heavy casualties.

Evidence is accumulating that both sides have engaged in highly exaggerated propaganda claims in the past few days. Pakistani Major General Farmin Ali, military adviser to the governor of East Pakistan, told US officials in Dacca yesterday that recent attacks along the border had at no place been in more than two-battalion strength despite previous Pakistani claims of massive incursions. He also agreed that perhaps the majority of the attacking force had been made up of Mukti Bahini troops. Farmin Ali said that the only area inside East Pakistan where he believes Indian regular troops still remain is near Jessore. He also admitted, however, that the Mukti Bahini controls five other small enclaves along the border. He further stated that the guerrillas are growing in strength throughout the interior of the province including the area near Dacca.

Meanwhile, in Calcutta, US officials have been told by representatives of the Indian Army and the Bangla Desh regime that reports of recent successes against the Pakistani Army have been greatly exaggerated and these reports have created a false]

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[sense of confidence among the guerrillas. They admit the actual area under Mukti Bahini control along the border does not exceed 1,100 of East Pakistan's total land area of 59,000 square miles. They claim, however, that guerrilla units operating deep inside the province may control an additional 10,000 square miles. These representatives foresee the need to capture the three major cantonments of the Pakistani Army at Jessore, Comilla, and Dacca if they are to defeat the army. They admit that for the Mukti Bahini alone to accomplish this might well take months or even years. They also stated that Indian casualties have been much higher than reported in the press.

The action yesterday of President Yahya Khan in banning all factions of the National Awami Party (NAP) removes a relatively small party in West Pakistan from future political activity. The NAP had only seven members elected to the 313-seat National Assembly, but it had considerable support in the two autonomy-minded provinces along the border with Afghanistan. The move may have been primarily aimed at Z. A. Bhutto, leader of the Pakistan People's Party, the largest party in West Pakistan and the only one still outside the government-sponsored United Coalition Party. Bhutto, as recently as Thursday, told newsmen that he would not "soil his hands" by joining an all-party "puppet" government. (SECRET)

SOUTH VIETNAM: The Communists have acknowledged difficulty in countering Saigon's pacification program.

A recent directive from the Central Office for South Vietnam (COSVN) warned that counterpacification methods must be adjusted to the "realities of the situation." The document expressed particular concern that cadres were underestimating the government's ability to deny the Viet Cong access to the people. Viet Cong in Kien Phong Province in the Mekong Delta were told recently to adopt a "cold war" strategy, evade large government operations, and rebuild the political network. Communist documents from other parts of the delta, reportedly originating with COSVN, emphasize this line and state that "political activities" currently are the most important part of the revolution.

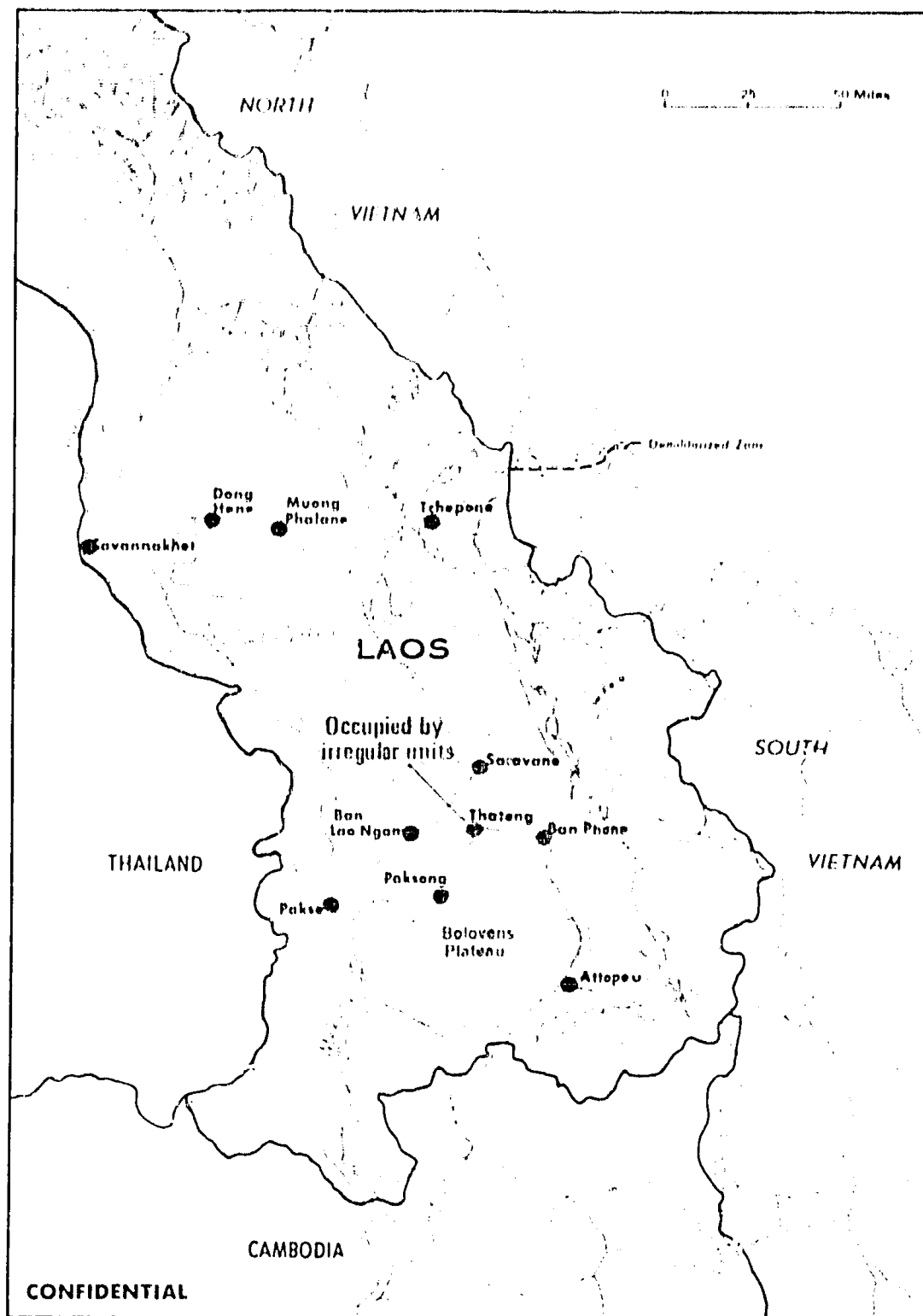
Recent authoritative pronouncements from Hanoi carry a more broadly based version of much the same message. In a series of four articles, the North Vietnamese Army journal takes the standard line that pacification must be countered by a flexible mixture of political and military tactics. The articles lay heavy stress on guerrilla warfare and political agitation, and they emphasize the protracted nature of the struggle. The articles apparently convey the notion that the Communists are looking toward a better coordinated antipacification effort, possibly to be combined with increased military action sometime in the future.

In the near term, however, the Communists apparently intend to continue to concentrate mainly on low-level activities and to exhort cadres to direct their military operations against pacification. This will probably be especially true in the southern half of the country, where Communist military capabilities are thinnest. (SECRET NO FOREIGN DISSEM)

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● Government-held location ● Communist-held location

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LAOS: The government continues to score significant gains in the Bolovens Plateau area, while the Communists are still laying the groundwork for their dry season offensive.

On 25 November a task force of government irregulars occupied Thateng, which has become an important Communist logistic area north of the Bolovens since it fell to the Communists in April 1969. Some opposition has been encountered, but the irregulars have established a fire support base on one of the key high ground positions overlooking the town and are now attempting to locate and destroy supply caches. Another irregular force, operating in the Ban Phone region east of Thateng, has so far encountered surprisingly little resistance considering that Ban Phone lies astride a potentially important logistic route to Cambodia.

The government has now regained a sizable portion of the territory lost to the Communists in this area of Laos over the past two or three years, but probably does not hope to hold all of it during the dry season. The area is important to the Communists as a western buffer to the infiltration corridor, and the North Vietnamese will probably counterattack in the coming months with forces already available and may well bring in reinforcements.

The Communists are faring better in the central panhandle where they have pushed government units well to the west of Muong Phalane. Troop commanders report substantial North Vietnamese reinforcements have moved into the area.

The Communists also appear to be setting the political stage for their dry season offensive. Lao Communist leader Souphanouvong on 20 November sent a harsh letter to Prime Minister Souvanna reiterating that a total bomb halt must precede any talks and severely castigating Souvanna for "conspiring" with the US to increase the level of fighting. (CONFIDENTIAL)

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NORTH VIETNAM - COMMUNIST CHINA: Premier Pham Van Dong has ended a five-day visit to Peking that apparently signals a considerable lessening in the Sino - North Vietnamese tension of the past few months.

Hanoi has demonstrated distrust of Peking's intentions since President Nixon's prospective trip to Peking was announced, but Vietnamese doubts apparently were allayed during Pham Van Dong's visit. The final communiqué, in addition to fulsome praise of Chinese achievements and effusive gratitude for Chinese aid, noted that Sino-Vietnamese relations had been developed "on the basis of Marxism, Leninism, and proletarian internationalism"--a formulation denoting close solidarity and one Hanoi had avoided in this context over the past few months. For their part the Chinese made explicit, particularly in a speech by Chou En-lai on 23 November, that Peking does not contemplate a sellout of Hanoi. "You and you alone," Chou asserted, "are entitled to decide the affairs" of Vietnam.

The Chinese left no doubt that they are solidly behind the Vietnamese Communists' seven-point negotiating proposal. The formulation of the proposal in the communiqué continues a trend begun about two months ago toward greater toughness and comprehensiveness in Hanoi's demands. The communiqué's version of the first of the "two basic points," for instance, now involves cessation of all US military and military-related activity against both parts of Vietnam; the second point, which calls for an end to US support for the Thieu government, now suggests that a cessation of US economic, as well as military, aid to Saigon is one of Hanoi's conditions. (CONFIDENTIAL)

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EAST GERMANY: The re-election of former party chief Walter Ulbricht as head of state implies that the regime has decided against dramatic personnel shifts at a time when the long-term implications of the negotiations on Berlin and inter-German relations are still unclear.

Yesterday's choice of Ulbricht as chairman of the Council of State and Willi Stoph as chairman of the Council of Ministers by the newly convened parliament scotched speculation in the air since Honecker replaced Ulbricht as party chairman last May that the latter would be replaced in his state job by Stoph. In this scenario Premier Stoph's position was to be filled by Horst Sindermann, who was promoted to the deputy premiership shortly after Honecker's takeover.

Despite the confirmation of Ulbricht and Stoph in their positions, Honecker has continued his gradual assertion of control of the levers of power. Thus, two of Ulbricht's proteges, Guenter Mittag and Horst Schumann, were replaced as members of the Council of State by the most influential figures in the present regime, Honecker and his deputy, Paul Verner.

Since Soviet party leader Brezhnev visited East Berlin in early November to place greater pressure on the East Germans for an early agreement in the inter-German talks that would involve restrictions on East German sovereignty, Ulbricht and Stoph have been increasingly brought into the public view with Honecker as a display of unity and continuity in uncertain times. Ulbricht's continuation in office despite his reputation as a major obstacle to Soviet pursuit of detente between West Germany and Eastern Europe may thus be part of an East German effort to check Soviet eagerness for an early settlement with the West. (CONFIDENTIAL)

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URUGUAY: Tomorrow's general elections are likely to be orderly, with the Colorado Party favored to retain the presidency.

President Pacheco's backing of Agriculture Minister Bordaberry has made him the favorite for the presidency, even though Bordaberry has no personal political following of consequence. The traditional opposition Blanco Party poses a strong challenge, but it is still being blunted by apparent weakness in the capital, which has nearly half the vote. In Montevideo, the Blancos still trail both the Colorados and the Communist-dominated Frente Amplio. The Frente remains a serious threat in the mayoralty contest in the capital, where it has concentrated its massive publicity campaign, but most indicators still point to a narrow Colorado win.

After the election, disappointed leftists may resort to violence, especially if the Frente loses by a small margin in the Montevideo mayoralty race. Schools are not in session, thus denying students the opportunity to organize, and the soft-lining Communist Party is still more interested in safeguarding its legal status than in promoting instability. Any civil disorders, therefore, are likely to be spontaneous, sporadic, and not difficult to control.

Uruguayan Government sources, however, are concerned that the Tupamaros are planning another major jail break to embarrass President Pacheco, who has played heavily on the theme of law and order in the last days before the election. (CONFIDENTIAL)

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BRAZIL: President Medici's removal of two government officials demonstrates that he is willing to take strong action against his own appointees who he is convinced are failing to perform effectively or are implicated in corruption.

Medici appointed Lieutenant Brigadier (ret.) Joelmir Araripe Macedo to replace Air Force Minister Marcio de Souza e Mello yesterday.

Maneuvering by Marcio and his allies within the air force--one of whom has been implicated in brutal treatment of prisoners--had created considerable dissension within the service. He is only the second cabinet officer to depart during the two years of the Medici administration. Medici probably timed the firing in order to put his house in order before departing for the US on 6 December.

The governor of Brazil's leading coffee-growing state, Parana, was ousted on 22 November. He was the first of the 22 governors appointed by Medici in October 1970 to be removed. His political feuding with his predecessor and his lackluster performance rapidly caused the federal administration's confidence in him to wane. The immediate cause of his removal was persuasive evidence obtained by the local military that he was involved in corruption.

The ouster of the two officials--one of them a retired military officer--will serve as a warning to others who may be allowing political disputes or corruption to hamper their administrative performances. (SECRET NO FOREIGN DISSEM)

COMMUNIST CHINA: Initial reports on the Canton Fair indicate that the number of traders and the volume of Chinese export contracts reached record levels, but that Chinese purchases were disappointing.

Nearly half of the estimated 6,000 traders present were Japanese. The number of businessmen from other countries also increased, including 2,000 from Hong Kong. Peking did not allow American businessmen to attend, but at least six foreign subsidiaries of US firms reportedly sent non-US citizens. One American, whose application to attend was turned down, was encouraged to reapply for the fair next spring.

China continued a trend apparent since the spring 1970 fair to increase export sales more rapidly than imports, thus improving its balance on hard-currency trade. Total two-way transactions reportedly reached a record of nearly \$1 billion; raw materials, food, and light industrial goods were the leading Chinese products sold, and chemicals were the only bright spot for foreign sellers. (CONFIDENTIAL NO FOREIGN DISSEM)

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MAURITIUS: An attempted assassination of the leader of the main opposition party will probably further erode public confidence in Prime Minister Ramgoolam's coalition government.

On Thursday Mauritian Militant Movement (MMM) leader Paul Berenger escaped injury when gunmen shot at him from a passing car. One of his companions was killed and another wounded. The attack is the most serious in a series of violent incidents between members of the MMM and the Mauritius Social Democratic Party (PMSD), the second largest party in the coalition. The PMSD is generally assumed to be responsible for the shootings.

The violence is an outgrowth of heightened political tension between the MMM and the government, resulting from Berenger's use of labor unrest to force the increasingly unpopular government to call general elections.

Pressure from the MMM has caused serious disarray within the coalition. Foreign Minister Gaetan Duval, leader of the PMSD, and dissidents in Ramgoolam's own Labor Party are trying to force the prime minister's resignation and replacement by a younger Labor Party member. Ramgoolam's most likely successor, Finance Minister Veerasamy Ringadoo, is in uncertain health, however, and would be unable to take over at least for the next few months.

If the present unrest continues, Ramgoolam might see no alternative to resigning and calling general elections, which are not required until 1976. Members of the coalition strongly oppose this, however, because an MMM victory now seems assured. (CONFIDENTIAL)

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EAST AFRICA: President Kenyatta has resolved the East African Community (EAC) crisis resulting from the ten-month-old dispute between Uganda and Tanzania, but sharp differences remain between the two countries.

During the past week Kenyatta held separate talks in Nairobi with Ugandan President Amin and Tanzanian President Nyerere. Amin subsequently agreed to reopen the border and restore steamer, air, and telephone links with Tanzania. In return Nyerere agreed to accept Ugandan representatives nominated to the EAC. Amin then signed the EAC appropriations bill and lifted the restrictions he had imposed earlier on two Tanzanian EAC officials.

Kenyatta's successful effort will allow the EAC to come to grips with its economic problems. It remains questionable, however, whether normal bilateral relations will soon be restored between Uganda and Tanzania.

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Nyerere, who has consistently drawn a distinction between EAC affairs and bilateral relations, has refused to recognize the Amin government because it was brought to power by military force that overthrew his close friend, Milton Obote, now residing in Tanzania.
(SECRET NO FOREIGN DISSEM)

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NOTES

PERU-ECUADOR-US: Peru may join Ecuador in seizing US tuna boats within its claimed 200-mile territorial sea. Lima's self-imposed period of restraint from picking up any foreign fishing boat expired on 24 November and, if the tuna presently off Ecuador move south, US boats that follow could be intercepted. As in Ecuador's case, such action by the Peruvian Navy would prolong the suspension of US military sales, which were stopped when Peru detained a US fishing boat last March. Meanwhile, Ecuadorean seizures continue apace. Seven more boats have been captured since 23 November, [REDACTED]

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[REDACTED] Air reconnaissance has already been used to spot US boats and relay their locations to naval patrols. (SECRET NO FOREIGN DISSEM)

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USSR-SOMALIA: Moscow agreed to provide economic assistance for the Fanelle Dam project during Somali President Siad's recent visit to the USSR. Somalia considers this dam, which may take more than ten years to construct, important for its economic development. The Soviets have been reluctant to assist Somalia economically since the coup two years ago, but they may have been spurred by the recent Chinese agreement to provide \$109 million to Mogadiscio, primarily for road construction. The presence of Somalia's deputy army commander at the Moscow talks suggests the Soviets also may have discussed more military assistance during Siad's visit. (CONFIDENTIAL)

(continued)

SOUTH KOREA: President Pak has moved to offset charges of corruption by removing three prominent officials for bribery. The dismissal of the transportation minister and the heads of two government agencies on 23 November for trying to influence national assembly inspectors is the strongest of the periodic government crackdowns on corruption. The officials involved are not major political assets, nor are they among the most corrupt. Nonetheless, their removal serves as a demonstration that the government is alert to corruption within even its highest ranks. The action also focuses attention on corruption in the legislature at a time when government pressures on the assembly for passage of its current budget bill are mounting. (CONFIDENTIAL)

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